

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

November 10, 2009

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

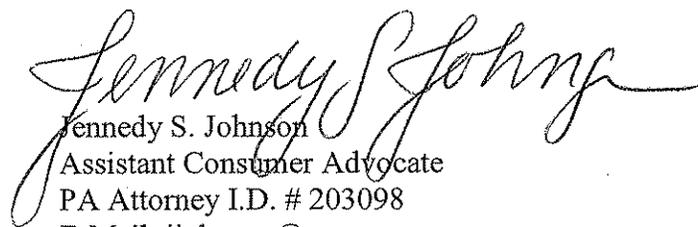
RE: Petition of Duquesne Light Company for
Approval of Default Service Plan for the Period
January 1, 2011 through May 31, 2013
Docket No. P-2009-2135500

Dear Secretary McNulty:

Enclosed for filing is the Prehearing Memorandum of the Office of Consumer Advocate,
in the above-referenced proceeding.

Copies have been served as indicated on the Certificate of Service.

Respectfully Submitted,


Kennedy S. Johnson
Assistant Consumer Advocate
PA Attorney I.D. # 203098
E-Mail: jjohnson@paoca.org

Enclosures

cc: Honorable John H. Corbett, Jr.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company	:	
for Approval of Default Service Plan	:	Docket No. P-2009-2135500
for the Period January 1, 2011	:	
through May 31, 2013	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. § 333, and in response to the October 20, 2009 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On October 9, 2009, Duquesne Light Company (Duquesne Light or Company) filed a Petition for approval of Default Service Plan for the period of January 1, 2011 through May 31, 2013. Duquesne Light is engaged in the business of furnishing electric service to approximately 588,000 residential, commercial, and industrial customers in Allegheny and Beaver Counties, Pennsylvania. As part of its Default Service Plan, for the regular residential class (Rate RS), the Company proposes to charge a flat, non-reconcilable rate of 7.860 cents/kWh for the 29-month period. This represents a 9.8% increase over the current generation portion of the bill of 7.156 cents/kWh. The average residential customer will see a total bill increase of approximately 5.1%. For Rate RH customers, the Company also proposes to charge

a flat, non-reconcilable rate of 7.860 cents/kWh for the 29-month period. This represents a 14% increase over the current generation portion of the RH rate of 6.895 cents/kWh.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge John H. Corbett, Jr. for investigation and the scheduling of hearings. On October 20, 2009, ALJ Corbett issued a Prehearing Conference Order indicating that an Initial Prehearing Conference was scheduled for November 12, 2009. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

The OCA filed an Answer to the Company's Petition and a Notice of Intervention and Public Statement on November 3, 2009. The OCA submits this Prehearing Memorandum in anticipation of the scheduled November 12th conference.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Residential Procurement Methodology: The OCA will review the Company's proposal to procure a portfolio of energy products in order to supply residential, non-shopping customers at a fixed rate to ensure that it provides the least cost, reliable supply for customers over the long term.
- Rate Design: The Company proposes a non-reconcilable, fixed generation supply charge for the full term of the Plan. The OCA will review the proposed rate design, including the proposals regarding Rate RH customers.
- AEPS: The Company is proposing to support the development of solar resources by issuing a solar RFP to construct a small solar facility with production up to 5 MW and by negotiating with Tier 1 renewable facilities for up to 100 MW of newly-constructed Pennsylvania Tier I generating facilities in the PJM footprint. The OCA will review the proposal to ensure that the costs charged to ratepayers through future default service plans are reasonable.

- Market Enhancement Measures: The Company has proposed to continue its “Market Enhancement Measures,” including a Purchase of Receivables Plan, Discussions with EGSs, an Ombudsman for Supplier Issues, a Code of Conduct, Information Sharing with EGSs, Improvements to Electric Data Interchange, Customer Awareness Programs, Uniform Supplier Tariffs, Elimination of Energy Blocks and Demand Charges, and Market Responsive Pricing for Small C&I Customers. The OCA will review these measures to ensure that they are reasonable in both scope and cost.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of Dr. Steven L. Estomin. Dr. Estomin will present testimony in written form and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the OCA's witness at the below address, as well as mailing a copy to counsel for the OCA.

Steven L. Estomin, Ph.D
Exeter Associates, Inc.
5555 Sterrett Place
Suite 310
Columbia, MD 21044
E-mail: sestomin@exeterassociates.com

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will notify Administrative Law Judge Corbett and all parties of record.

IV. SCHEDULE

The OCA will work with ALJ Corbett and the Parties to arrive at a mutually agreeable schedule.

VI. SERVICE ON OCA

The OCA will be represented in this case by Aron J. Beatty and Jennedy S. Johnson. Two copies of all documents should be served on the OCA as follows:

Aron J. Beatty
Jennedy S. Johnson
Assistant Consumer Advocates
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: ABeatty@paoca.org
JJohnson@paoca.org

As a courtesy, the OCA requests that all electronic correspondence be copied to Jessica J. Horner (JHorner@paoca.org).

VII. SETTLEMENT

The OCA is willing to participate in settlement discussions.

VIII. DISCOVERY

The OCA requests the following modifications to the discovery regulations:

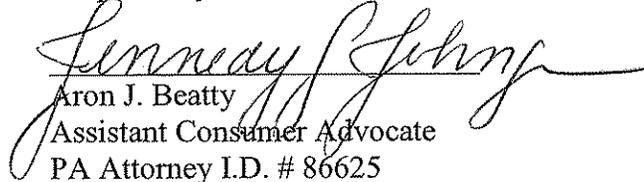
- A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within five (5) days of service; unresolved objections be served to the ALJ in writing within seven (7) days of service of interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within five (5) days of service of written objections.

- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within five (5) days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days.
- F. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.
- G. Answers to on-the-record data requests be served in-hand within seven (7) calendar days of the request.

IX. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will make prompt notification and request a public input hearing should circumstances warrant.

Respectfully Submitted,



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Dated: November 10, 2009
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CERTIFICATE OF SERVICE

Petition of Duquesne Light Company :
for Approval of Default Service Plan : Docket No. P-2009-2135500
for the Period January 1, 2011 :
through May 31, 2013 :

I hereby certify that I have this day served a true copy of the foregoing document, the Prehearing Memorandum of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 10th day of November 2009.

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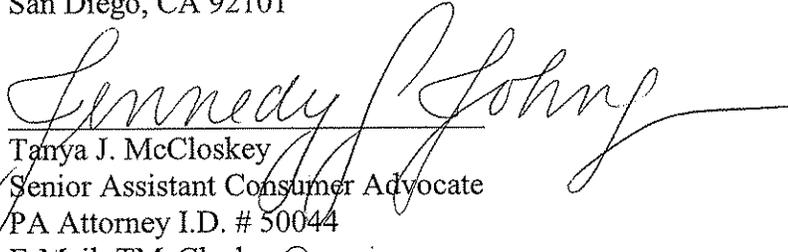
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